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MEMORANDUM

Date: August 20, 2013

To: Mayor and Councilmembers

Through: Darin Atteberry, City Manager *DA*
Mike Beckstead, Chief Financial Officer *MB*

From: Jessica Ping-Small, Revenue and Project Manager *JPS*

RE: Agenda Item #34 – Capital Improvement Expansion Fees

Per staff request, additional language has been added to the ordinance to codify a regular comprehensive review of the Capital Improvement Expansion Fees. The ordinance will require a review of methodology and fee basis to be completed a minimum of once every five years.

ORDINANCE NO. 120, 2013
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING THE CODE OF THE CITY OF FORT COLLINS TO ADJUST THE
AMOUNTS OF THE CAPITAL IMPROVEMENT EXPANSION FEES
CONTAINED IN CHAPTER 7.5 OF THE CITY CODE SO AS TO REFLECT
INFLATION IN ASSOCIATED COSTS OF SERVICES

WHEREAS, the City is a home rule municipality having the full right of self-government in local and municipal matters under the provisions of Article XX, Section 6 of the Colorado Constitution, including the power to regulate, as a matter of purely local concern, the development of real property within the City; and

WHEREAS, City Plan, the City's comprehensive plan, shows that the rate of future growth and development in Fort Collins will require a substantial expansion in community park, police, fire, and general government facilities, and related capital equipment, if its level of service standards for such facilities are to be maintained; and

WHEREAS, the City Council has determined that new development should contribute its proportionate share of providing such capital improvements; and

WHEREAS, the City Council has broad legislative discretion in determining the appropriate funding mechanisms for financing the construction of public facilities in the City; and

WHEREAS, based on the foregoing, the City Council adopted Ordinance No. 051, 1996, establishing certain capital improvement expansion fees to be collected at the time of building permit issuance and Ordinance No. 121, 2012, adjusting those fees for inflation since their adoption; and

WHEREAS, capital improvement expansion (CIE) fees are calculated based on factors including the value of current infrastructure, and fee revenues are applied to fund municipal infrastructure required to serve new development; and

WHEREAS, City Code Section 7.5-18 provides for annual fee increases in the CIE fees corresponding to the increases in the Denver-Boulder-Greeley Consumer Price Index for all urban consumers; and

WHEREAS, in September 1968, City Council adopted Ordinance No. 038, 1968, which established the original Neighborhood Parkland Fee to fund the acquisition and development of parkland, which ordinance has since been amended on several occasions to adjust the fee and to refine related procedures and requirements; and

WHEREAS, the City Code calls for the annual adjustment of all CIE fees, including the Neighborhood Parkland Fee, for inflation; and

WHEREAS, based on the Bureau of Labor Statistic's latest Denver-Boulder-Greeley Consumer Price index for urban consumers, as well as the results of an independent study conducted for the City by Duncan and Associates, a consulting firm retained by the City to review the methodologies used by the City to formulate its impact fees, City staff has recommended that certain adjustments be made to the amounts of the CIE fees, including the Neighborhood Parkland Fee, which adjustments would reflect the effects of inflation and ensure that the CIE fees are fairly apportioned among the developers who pay the fees; and

WHEREAS, in balancing the City's current infrastructure needs against the financial impact that certain fee adjustments may have upon those paying the fees, the City Council has determined that, while the fees imposed upon residential developers can be immediately adjusted without having an inordinate impact upon residential developers, the adjustments to the fees imposed upon commercial and industrial developers should be made over time because of the magnitude of the proposed adjustments to those fees and the financial impact that such adjustments may have upon commercial and industrial developers; and

WHEREAS, for that reason, City staff has recommended, and the City Council agrees, that 60% percent of the adjustment to the fees to be imposed upon commercial and industrial developers should take effect immediately, 80% should take effect on January 1, 2014~~5~~, and 100% should take effect on January 1, 201~~5~~6; and

WHEREAS, City staff has also recommended, and the City Council agrees, that the methodologies used to set each fee should be periodically reviewed and compared to the City's actual infrastructure costs, so as to ensure that the fees remain fixed at a level commensurate with the impacts of development and the infrastructure needs of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS AS FOLLOWS:

Section 1. That Section 7.5-18 of the Code of the City of Fort Collins is hereby amended to read as follows:

For each category of capital improvements for which a capital improvement expansion fee is established under the provisions of this Article, the amount of each such capital improvement expansion fee shall be determined on a per dwelling unit basis according to the gross floor area of each such dwelling unit (in the case of residential development) or on the basis of each square foot of new construction (in the case of commercial or industrial development). The amount of ~~the each~~ fee will be increased or decreased annually according to the Denver-Boulder Consumer Price Index for Urban Consumers, as published by the Bureau of Labor Statistics. **In addition, the methodologies used to set each fee shall be reviewed and compared to the City's actual infrastructure costs at least once every five (5) years, and adjustments made in accordance with such review and with the provisions of Sec. 7.5-16 of this Code.**

Section ~~12~~. That the fee schedule in Section 7.5-28(a) of the Code of the City of Fort

Collins, establishing the Community Parkland Capital Improvement Expansion Fee, is hereby amended to read as follows:

700 sq. ft. and under	\$1,041.00 <u>1,001.00</u>
701 to 1,200 sq. ft.	1,477.00 <u>1,285.00</u>
1,201 to 1,700 sq. ft.	1,735.00 <u>1,419.00</u>
1,701 to 2,200 sq. ft.	1,996.00 <u>1,479.00</u>
2,201 sq. ft. and over	2,428.00 <u>1,584.00</u>

Section ~~23~~. That the fee schedule in Section 7.5-29(a) of the Code of the City of Fort Collins, establishing the Police Capital Improvement Expansion Fee, is hereby amended to read as follows:

700 sq. ft. and under	\$ 75.00 <u>128.00</u>
701 to 1,200 sq. ft.	109.00 <u>162.00</u>
1,201 to 1,700 sq. ft.	129.00 <u>180.00</u>
1,701 to 2,200 sq. ft.	148.00 <u>187.00</u>
2,201 sq. ft. and over	180.00 <u>200.00</u>
Commercial buildings (per 1,000 square feet)	160.00 <u>154.00</u>
Industrial buildings (per 1,000 square feet)	44.00 <u>37.00</u>

Section ~~34~~. That Section 7.5-29 of the Code of the City of Fort Collins, establishing the Police Capital Improvement Expansion Fee, shall be amended by the adoption of a new subsection (c) to read as follows:

(c) The fees collected under this Section for commercial and industrial buildings between October 3, 2013 and December 31, 2014 shall be 60% of the amount shown in subsection (a); those collected between January 1, 2015 and December 31, 2015 shall be 80% of the amount show in subsection (a); thereafter, the full amount shown in subsection (a) shall be collected.

Section ~~45~~. That the fee schedule in Section 7.5-30(a) of the Code of the City of Fort Collins, establishing the Fire Protection Capital Improvement Expansion Fee, is hereby amended to read as follows:

700 sq. ft. and under	\$112.00 <u>255.00</u>
701 to 1,200 sq. ft.	160.00 <u>324.00</u>
1,201 to 1,700 sq. ft.	186.00 <u>359.00</u>
1,701 to 2,200 sq. ft.	215.00 <u>373.00</u>
2,201 sq. ft. and over	262.00 <u>400.00</u>
Commercial buildings (per 1,000 square feet)	229.00 <u>308.00</u>
Industrial buildings (per 1,000 square feet)	63.00 <u>73.00</u>

Section ~~56~~. That Section 7.5-30 of the Code of the City of Fort Collins, establishing the Fire Protection Capital Improvement Expansion Fee, shall be amended by the adoption of a new subsection (c) to read as follows:

(c) The fees collected under this Section for commercial and industrial buildings between October 3, 2013 and December 31, 2014 shall be 60% of the amount shown in subsection (a); those collected between January 1, 2015 and December 31, 2015 shall be 80% of the amount show in subsection (a); thereafter, the full amount shown in subsection (a) shall be collected.

Section ~~67~~. That the fee schedule in Section 7.5-31(a) of the Code of the City of Fort Collins, establishing the General Government Capital Improvement Expansion Fee, is hereby amended to read as follows:

700 sq. ft. and under	\$142.00 <u>300</u>
701 to 1,200 sq. ft.	201.00 <u>384.00</u>
1,201 to 1,700 sq. ft.	235.00 <u>423.00</u>
1,701 to 2,200 sq. ft.	272.00 <u>443.00</u>
2,201 sq. ft. and over	330.00 <u>475.00</u>
Commercial buildings (per 1,000 square feet)	257.00 <u>730.00</u>

Industrial buildings (per 1,000 square feet)	71.00 71.00
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Section ~~78~~. That Section 7.5-31 of the Code of the City of Fort Collins, establishing the General Government Capital Improvement Expansion Fee, shall be amended by the adoption of a new subsection (c) to read as follows:

(c) The fees collected under this Section for commercial and industrial buildings between October 3, 2013 and December 31, 2014 shall be 60% of the amount shown in subsection (a); those collected between January 1, 2015 and December 31, 2015 shall be 80% of the amount show in subsection (a); thereafter, the full amount shown in subsection (a) shall be collected.

Section ~~89~~. That the fee schedule in Section 7.5-71(b) of the Code of the City of Fort Collins, establishing the Neighborhood Parkland Fee, is hereby amended to read as follows:

700 sq. ft. and under	\$937.00 1,181.00
701 to 1,200 sq. ft.	1,325.00 1,515.00
1,201 to 1,700 sq. ft.	1,559.00 1,674.00
1,701 to 2,200 sq. ft.	1,791.00 1,744.00
2,201 sq. ft. and over	2,181.00 1,868.00

Section 10. That Section 7.5-71 of the Code of the City of Fort Collins, describing collection of the neighborhood parkland fee, is hereby amended by the adoption of a new subsection (e) which reads in its entirety as follows:

(e) The methodologies used to set the fees applicable to parklands shall be reviewed and compared to the City's actual infrastructure costs at least once every five (5) years, and adjustments made in accordance with such review and with the provisions of Sec. 7.5-16 of this Code.

Introduced, considered favorably on first reading, and ordered published this 20th day of August, A.D. 2013, and to be presented for final passage on the 3rd day of September, A.D. 2013.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 3rd day of September, A.D. 2013.

Mayor

ATTEST:

City Clerk